

106TH CONGRESS  
2D SESSION

# S. 3275

To authorize the Secretary of Energy to guarantee loans to facilitate nuclear nonproliferation programs and activities of the Government of the Russian Federation, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 7 (legislative day, SEPTEMBER 22), 2000

Mr. DOMENICI (for himself and Mr. LUGAR) introduced the following bill;  
which was read twice and referred to the Committee on Foreign Relations

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## A BILL

To authorize the Secretary of Energy to guarantee loans to facilitate nuclear nonproliferation programs and activities of the Government of the Russian Federation, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Russian Fissile Mate-  
5       rials Disposition Loan Guarantee Act of 2000”.

6       **SEC. 2. FINDINGS.**

7       Congress makes the following findings:

1           (1) The proliferation of nuclear weapons rep-  
2           resents a risk to the national security of the United  
3           States.

4           (2) Countries seeking new nuclear weapons ca-  
5           pabilities require both technical expertise and nu-  
6           clear weapons materials.

7           (3) The nuclear weapons complex of the former  
8           Soviet Union contains large amounts of such tech-  
9           nical expertise and materials and could present risks  
10          for nuclear proliferation.

11          (4) Several current programs address the po-  
12          tential for loss of such technical expertise and mate-  
13          rials.

14          (5) Progress on the Highly Enriched Uranium  
15          Agreement and on the Plutonium Disposition Agree-  
16          ment will enhance United States security against nu-  
17          clear proliferation, but United States security would  
18          be further enhanced were additional progress  
19          achieved in securing and disposing of the nuclear  
20          weapons materials of the former Soviet Union.

21          (6) In addition to the programs referred to in  
22          paragraphs (4) and (5), a program providing for the  
23          placement of nuclear weapons materials of the Rus-  
24          sian Federation under permanent safeguards in ex-  
25          change for the guarantee of loans for nonprolifera-

1        tion programs and activities of the Russian Federa-  
2        tion could enhance the economy of the Russian Fed-  
3        eration and achieve the interest of nations worldwide  
4        in providing for the security of nuclear weapons ma-  
5        terials that are not currently under international  
6        safeguards.

7    **SEC. 3. LOAN GUARANTEES.**

8        (a) **AUTHORITY TO GUARANTEE LOAN.**—Subject to  
9        the provisions of this section, the Secretary of Energy  
10       may, with the approval of the President, guarantee loans  
11       made to the Government of the Russian Federation for  
12       purposes of nuclear nonproliferation programs and activi-  
13       ties of the Government of the Russian Federation.

14       (b) **LIMITATIONS ON GUARANTEES.**—(1) The aggre-  
15       gate amount of loan principal covered by guarantees under  
16       this section at any one time may not exceed  
17       \$1,000,000,000.

18       (2) The guarantee of a loan under this section applies  
19       to principal and to interest on principal only up to 3 per-  
20       cent of principal.

21       (c) **LOANS ELIGIBLE FOR GUARANTEE.**—(1) A loan  
22       eligible for guarantee under this section is any loan made  
23       by a private lender to the Government of the Russian Fed-  
24       eration the proceeds of which are to be utilized by the Gov-

1 ernment of the Russian Federation for one or both of the  
2 following purposes:

3 (A) Support of nuclear nonproliferation pro-  
4 grams and activities of the Government of the Rus-  
5 sian Federation.

6 (B) Development of the energy infrastructure of  
7 the Russian Federation, including peaceful uses of  
8 nuclear energy in a manner that complies with the  
9 Nuclear Nonproliferation Treaty.

10 (2) A loan is not eligible for guarantee under this  
11 section if the proceeds of the loan are to be used for any  
12 purpose or activity under the Plutonium Disposition  
13 Agreement, including to cover the costs of the manufac-  
14 ture and use of mixed oxide (MOX) fuel in Russia under  
15 the Plutonium Disposition Agreement.

16 (d) LOAN TERMS.—A loan guaranteed under this  
17 section shall have the following terms:

18 (1) The loan principal shall be in increments of  
19 \$20,000,000.

20 (2) The term of the loan with respect to any  
21 principal increment of the loan shall be not less than  
22 15 years.

23 (3) Payments of principal and interest on the  
24 loan shall be based on an amortization schedule pro-  
25 viding that—

1 (A) interest on a principal increment of the  
2 loan will commence on the date of the dispersal  
3 of the principal increment of the loan;

4 (B) no payment of principal or interest on  
5 a principal increment of the loan will be re-  
6 quired for at least 5 years after the date of the  
7 dispersal of the principal increment of the loan;

8 (C) once payments of principal and inter-  
9 est commence pursuant to subparagraph (B),  
10 such payments will be made on a semi-annual  
11 basis; and

12 (D) all interest and principal on each prin-  
13 cipal increment of the loan will be paid not  
14 later than the completion of the term of the  
15 loan with respect to such principal increment of  
16 the loan.

17 (4) The proceeds of the loan shall be dispersed  
18 only to the Ministry of Atomic Energy of the Rus-  
19 sian Federation.

20 (5) The lender may, upon default of the Gov-  
21 ernment of the Russian Federation on the loan, ex-  
22 ercise the option described in subsection (e)(3).

23 (e) LOAN SECURITY.—(1) As security for a loan  
24 guaranteed under this section, the Government of the Rus-  
25 sian Federation shall, for each loan principal increment

1 of \$20,000,000, place 1.00 metric tons of weapons-usable  
2 plutonium and 1.00 metric tons of weapons-usable highly  
3 enriched uranium under International Atomic Energy  
4 Agency (IAEA) safeguards at a facility in Russia. The  
5 placement of materials under such safeguards as security  
6 for a principal increment of a loan shall be completed be-  
7 fore the dispersal of the principal increment of the loan.

8       (2) As security for a loan guaranteed under this sec-  
9 tion, the Government of the Russian Federation shall cer-  
10 tify to the Secretary that any materials placed under  
11 International Atomic Energy Agency safeguards pursuant  
12 to paragraph (1) shall remain under such safeguards in-  
13 definitely, including after the loan is paid off by the Gov-  
14 ernment of the Russian Federation.

15       (3)(A) In the event of a default on a loan guaranteed  
16 under this section by the Government of the Russian Fed-  
17 eration, the lender may, with the approval of the Sec-  
18 retary, provide for the disposition or utilization of mate-  
19 rials placed under safeguards pursuant to paragraph (1)  
20 as security for the loan to repay all or part of the loan.

21       (B) The disposition or utilization of materials under  
22 this paragraph shall be in accordance with applicable  
23 International Atomic Energy Agency safeguards regarding  
24 such materials, and such materials may not, during the

1 course of such disposition or utilization, be removed from  
2 such safeguards.

3 (4) Materials placed under International Atomic En-  
4 ergy Agency safeguards pursuant to paragraph (1) shall  
5 not be treated as part of the 34.00 metric tons of weapons-  
6 grade plutonium to be used by the Government of the Rus-  
7 sian Federation largely as mixed oxide (MOX) fuel under  
8 the Plutonium Disposition Agreement.

9 (f) TREATMENT OF GUARANTEES UNDER PLUTO-  
10 NIUM DISPOSITION AGREEMENT.—The guarantee of any  
11 loan under this section shall not be treated as a contribu-  
12 tion to the Government of the Russian Federation under  
13 the Plutonium Disposition Agreement.

14 (g) PROHIBITION ON COLLECTION OF FEES.—The  
15 Secretary may not impose or collect any fee in connection  
16 with the guarantee of a loan under this section.

17 **SEC. 4. SUPPORT OF INTERNATIONAL ATOMIC ENERGY**  
18 **AGENCY MATERIALS SAFEGUARDS.**

19 Of the amounts authorized to be appropriated or oth-  
20 erwise made available to the Secretary of Energy each fis-  
21 cal year for Materials Protection Control and Accounting,  
22 not more than \$15,000,000 shall be available to the Sec-  
23 retary for purposes of covering the expenses of the Inter-  
24 national Atomic Energy Agency (IAEA) in implementing  
25 and maintaining safeguards under section 3(e) on mate-

1 rials providing security for loans guaranteed under section  
2 3.

3 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) COST OF LOAN GUARANTEES.—For the cost of  
5 the loans guaranteed under this Act as defined in section  
6 502 of the Congressional Budget Act of 1974 (2 U.S.C.  
7 661(a)), there is authorized to be appropriated for fiscal  
8 years 2001 through 2004, such amounts as may be nec-  
9 essary.

10 (b) COST OF ADMINISTRATION.—There is hereby au-  
11 thorized to be appropriated to the Secretary of Energy for  
12 fiscal year 2001, \$10,000,000 for purposes of activities  
13 under this Act, other than to cover costs under subsection  
14 (a) and to cover expenses under section 4.

15 (c) AVAILABILITY.—Amounts appropriated pursuant  
16 to the authorizations of appropriations in subsections (a)  
17 and (b) shall remain available until expended.

18 **SEC. 6. DEFINITIONS**

19 In this Act:

20 (1) HIGHLY ENRICHED URANIUM AGREE-  
21 MENT.—The term “Highly Enriched Uranium  
22 Agreement” means the Agreement Between the  
23 United States of America and the Government of  
24 the Russian Federation Concerning the Disposition



1 of Highly Enriched Uranium Extracted from Nu-  
2 clear Weapons, dated February 18, 1993.

3 (2) NUCLEAR NONPROLIFERATION TREATY.—

4 The term “Nuclear Nonproliferation Treaty” means  
5 the Treaty on the Nonproliferation of Nuclear  
6 Weapons, as opened for signature July 1, 1968.

7 (3) PLUTONIUM DISPOSITION AGREEMENT.—

8 The term “Plutonium Disposition Agreement”  
9 means the Agreement Between the Government of  
10 the United States of America and the Government  
11 of the Russian Federation Concerning the Manage-  
12 ment and Disposition of Plutonium Designated As  
13 No Longer Required for Defense Purposes and Re-  
14 lated Cooperation, signed by the United States on  
15 September 1, 2000.

16 **SEC. 7. TERMINATION OF AUTHORITY.**

17 The authority of the Secretary of Energy to guar-  
18 antee loans under this Act shall terminate on December  
19 31, 2003. The termination of authority to guarantee loans  
20 under this section shall not affect the validity of any guar-  
21 antee made under this Act before that date.

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